ABSTRACT

A computer network and method for electronically trading derivatives. One preferred method of trading includes providing indicative quotes to market participants (which typically includes subscribers, but may also include market makers) to provide a non-binding indication of how the market makers are likely to price the particular derivative. A participant may then submit an RFQ, which is a request for a binding quote for the derivative. The RFQ preferably causes the current order book to be displayed on all subscribers' terminals, typically in the form of a row indicating the derivative of interest along with the current binding bid and binding ask prices. The indicative bid and ask prices may also be displayed, as well as the quantity (if any) requested in the RFQ. Market participants may then elect to submit an order for the corresponding derivative. Typically, the market participants will await an indication that a market maker has submitted a binding quote.